

SEC Mail
Mail Processing
Section



SECURITIES

08027258

FEB 25 2008

Washington, D.C. 20542

Washington, DC
106

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

OMB APPROVAL

OMB Number: 3235-0123
Expires: February 28, 2010
Estimated average burden
hours per response..... 12.00

SEC FILE NUMBER

8- 27814

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01-01-07 AND ENDING 12-31-07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: INVESTLINC SECURITIES, LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

2820 GREENSPPOINT PARKWAY

(No. and Street)

HOFFMAN ESTATES

IL

60169

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

LEROY H. PARIS, II

(601) 354-4255

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

HADDOX REID BURKES & CALHOUN PLLC

(Name - if individual, state last, first, middle name)

1100 REGIONS PLAZA

JACKSON

MS

39201

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 21 2008

FOR OFFICIAL USE ONLY

**THOMSON
FINANCIAL**

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

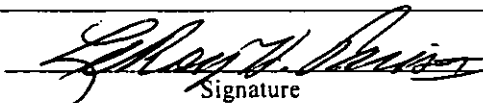
SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.


TA
3/18
mm

OATH OR AFFIRMATION

I, LEROY H. PARIS, II, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of INVESTLINC SECURITIES, LLC, as of DECEMBER 31, 20 07, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature

Chief Executive Officer
Title


Notary Public

DEBORA LETTERI
Mississippi Statewide Notary Public
My Commission Expires July 14, 2009

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of ~~COMPLEX HYBRID COMMON~~ Cash Flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent Auditor's Report on Internal Control Structures.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

CONTENTS

<u>DESCRIPTION</u>	<u>PAGE</u>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
FINANCIAL STATEMENTS:	
Statements of Financial Condition	2
Statements of Income	3
Statements of Changes in Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6
SUPPLEMENTAL INFORMATION:	
Computation of Net Capital Pursuant to Rule 15c3-1 of the Securities and Exchange Commission (Schedule I)	9
Other Schedules (Schedule II)	10
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT ON INTERNAL CONTROL	11

HADDOX REID BURKES & CALHOUN PLLC
Certified Public Accountants

EMMITTE J. HADDOX
JIMMY E. BURKES
PAUL W. CALHOUN
M. GREGORY KING
TED B. EDWARDS
JAN F. LEWIS
CHERYL J. LEE
W.R. LEE ADAMS
WALTER J. LEE
MICHAEL H. GLADNEY

1100 REGIONS PLAZA
P.O. DRAWER 22507
JACKSON, MISSISSIPPI 39225-2507
TELEPHONE 601/948-2924
FACSIMILE 601/960-9154

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Member
InvestLinc Securities, LLC
Hoffman Estates, Illinois

We have audited the accompanying statements of financial condition of InvestLinc Securities, LLC (a limited liability company) as of December 31, 2007 and 2006, and the related statements of income, changes in equity, and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U. S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of InvestLinc Securities, LLC as of December 31, 2007 and 2006, and the results of its operations and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects to the basic financial statements taken as a whole.

Haddox Reid Burkess & Calhoun PLLC

February 14, 2008

INVESTLINC SECURITIES, LLC

**STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2007 AND 2006**

ASSETS

	<u>2007</u>	<u>2006</u>
CASH	\$ 106,908	126,938
COMMISSIONS RECEIVABLE	77,500	66,662
PREPAID EXPENSES AND DEPOSITS	17,913	16,258
SECURITIES OWNED:		
Marketable, at market value	14,444	9,940
Not readily marketable, at estimated fair value	69	2,651
OFFICE EQUIPMENT AT COST, less accumulated depreciation of \$8,209 and \$7,499, respectively	<u>6,711</u>	<u>7,421</u>
	<u><u>\$ 223,545</u></u>	<u><u>229,870</u></u>

LIABILITIES AND EQUITY

LIABILITIES:		
Accounts payable	\$ 9,241	35,268
Accrued commissions	74,250	12,000
Due to Parent	<u>31,213</u>	<u>-</u>
	114,704	47,268
EQUITY:		
Member's equity	<u>108,841</u>	<u>182,602</u>
	<u><u>\$ 223,545</u></u>	<u><u>229,870</u></u>

The accompanying notes are an integral part of these statements.

INVESTLINC SECURITIES, LLC

STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
REVENUES:		
Commissions	\$ <u>1,722,135</u>	<u>1,121,342</u>
OPERATING EXPENSES:		
Dues, registration fees and subscriptions	35,999	41,074
Marketing and consulting fees	2,654	100
Office rent and services	135,398	147,306
Office supplies and postage	14,281	17,561
Professional fees	7,249	12,445
Salaries and commissions	1,256,110	828,363
Taxes and licenses	2,850	1,880
Telephone	9,631	9,888
Travel and entertainment	23,202	19,772
Other operating expenses	<u>21,229</u>	<u>10,381</u>
	<u>1,508,603</u>	<u>1,088,770</u>
OPERATING INCOME	213,532	32,572
OTHER INCOME (EXPENSE)	<u>36,922</u>	<u>(7,987)</u>
NET INCOME	<u>\$ 250,454</u>	<u>24,585</u>

The accompanying notes are an integral part of these statements.

INVESTLINC SECURITIES, LLC

**STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
BALANCE, January 1	\$ 182,602	675,193
Net income	250,454	24,585
Distributions to Member	<u>(324,215)</u>	<u>(517,176)</u>
BALANCE, December 31	<u>\$ 108,841</u>	<u>182,602</u>

The accompanying notes are an integral part of these statements.

INVESTLINC SECURITIES, LLC

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 250,454	24,585
Adjustments for differences between net income and cash from operating activities:		
Depreciation expense	710	3,350
(Increase) decrease in assets:		
Commissions receivable	(10,838)	245,000
Marketable securities	(1,922)	7,988
Prepaid expenses	(1,655)	(3,168)
Increase (decrease) in liabilities:		
Accounts payable	(26,027)	33,220
Accrued commissions	62,250	(12,256)
Accrued payroll taxes	-	(3,673)
Due to Parent	<u>31,213</u>	<u>-</u>
Cash provided by operating activities	<u>304,185</u>	<u>295,046</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for purchase of office equipment	<u>-</u>	<u>(1,385)</u>
Cash used in investing activities	<u>-</u>	<u>(1,385)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions	<u>(324,215)</u>	<u>(299,176)</u>
Cash used in financing activities	<u>(324,215)</u>	<u>(299,176)</u>
NET DECREASE IN CASH	(20,030)	(5,515)
CASH AT BEGINNING OF YEAR	<u>126,938</u>	<u>132,453</u>
CASH AT END OF YEAR	<u><u>\$ 106,908</u></u>	<u><u>126,938</u></u>
SUPPLEMENTAL SCHEDULE OF NONCASH OPERATING AND INVESTING ACTIVITIES:		
Distribution to Member of accounts receivable	<u><u>\$ -</u></u>	<u><u>218,000</u></u>

The accompanying notes are an integral part of these statements.

INVESTLINC SECURITIES, LLC

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Company is a broker-dealer registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company is a Delaware limited liability company that is wholly-owned by The InvestLinc Group, LLC ("Parent"). The Company's primary source of income is selling limited partnership interests.

Cash and Cash Equivalents

The Company considers all checking accounts, money market accounts and investments purchased with an original maturity of three months or less to be cash and cash equivalents.

Commissions Receivable

The Company considers commissions receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Security Transactions

Marketable securities are valued at market value. Securities not readily marketable are valued at cost which approximates fair value as determined by management.

Office Equipment and Depreciation

The equipment is stated at cost less accumulated depreciation. Depreciation is provided using the modified accelerated cost recovery system over the estimated useful lives of the assets.

Recognition of Revenue

The Company records commission income when its customers have collected funds from the investor and disbursements can be made from the escrow account.

Income Taxes

The Company is treated as a disregarded entity for Federal and State income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the income tax returns of the Member. The financial statements do not reflect a provision for income taxes.

INVESTLINC SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED:

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - BUSINESS, CREDIT AND OTHER CONCENTRATIONS

A major customer is a single customer generating 10% or more of total income. In 2007 and 2006, the Company generated commissions from two and one customers, respectively, that totaled approximately 100% and 90% of total revenue, respectively. At December 31, 2007 and 2006, receivables from these customers totaled \$77,500 and \$65,000, respectively.

The Company places its cash in high credit quality financial institutions. At times, such balances are in excess of the FDIC insurance limit.

NOTE 3 - RELATED PARTY TRANSACTIONS

Transactions with the Member and affiliated entities during the years ended December 31, 2007 and 2006 were as follows:

	<u>2007</u>	<u>2006</u>
Commissions receivable	\$ 19,500	65,000
Due to Parent	31,213	-
Commissions revenue	1,453,835	1,121,342
Office services	73,663	83,860

In 2005, the Company recorded a commission receivable and commission revenue of \$240,000 related to an investment transaction involving its Parent and an affiliated entity. In 2006, the Company agreed not to charge a commission on the transaction and reduced commission receivables and the 2006 commission revenue by \$240,000.

INVESTLINC SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 3 - RELATED PARTY TRANSACTIONS - CONTINUED:

In 2007 and 2006, the Company's payroll was processed and payroll taxes paid through a common paymaster account controlled by its Parent. In 2007, a majority of the Company's accounts payable was processed and paid through an account controlled by its Parent.

NOTE 4 - COMMITMENTS

The Company leases a portion of its office space under a noncancelable operating lease. Rent expense for this office space in 2007 was \$8,576. A portion of the office space is utilized by affiliated companies and they made payments to the lessor for the space they occupied. Minimum future lease payments and anticipated payments by affiliated companies at December 31, 2007 are as follows:

<u>Year</u>	<u>Total</u>	<u>Affiliated</u>
2008	\$ 90,050	38,593
2009	90,050	38,593
2010	90,050	38,593
2011	90,050	38,593
2012	67,538	28,945

NOTE 5 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2007, the Company had net capital of \$44,031 (2006 - \$88,189), which was \$36,385 (2006 - \$83,119) in excess of its required net capital of \$7,646 (2006 - \$5,000). The Company's net capital ratio was 2.61 to 1.

SUPPLEMENTAL INFORMATION

INVESTLINC SECURITIES, LLC

**COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2007**

NET CAPITAL:

Total equity	<u>\$ 108,841</u>
--------------	-------------------

Deductions:

Non-allowable assets from statement of
financial condition:

Office equipment, net	6,711
Prepaid expenses	17,913
Receivables	<u>37,950</u>
	<u>62,574</u>

Net capital before haircuts on security positions	46,267
---	--------

Haircuts	<u>2,236</u>
----------	--------------

Net capital	<u>44,031</u>
-------------	---------------

AGGREGATE INDEBTEDNESS:

Items included on statement of financial condition	<u>\$ 114,704</u>
--	-------------------

COMPUTATION OF BASIC NET CAPITAL**REQUIREMENT:**

Minimum net capital required (greater of \$5,000 or 6.67% of aggregate indebtedness)	<u>7,646</u>
---	--------------

Excess net capital	<u>\$ 36,385</u>
--------------------	------------------

Ratios: Aggregate indebtedness to net capital	<u>2.61 to 1</u>
---	------------------

RECONCILIATION WITH COMPANY COMPUTATION

(included in Part IIA of Form X-17A-5 as of December 31,
2007):

Net capital, as reported in Company's Part IIA (unaudited) FOCUS Report	\$ 44,031
--	-----------

Differences	<u>-</u>
-------------	----------

Net capital, per above	<u>\$ 44,031</u>
------------------------	------------------

INVESTLINC SECURITIES, LLC

**OTHER SCHEDULES
DECEMBER 31, 2007 AND 2006**

The following schedules are not being filed as they are inapplicable or not required:

1. Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3 is not applicable since respondent does not carry securities accounts for customers or perform custodial functions relating to customer securities.
2. Information relating to the possession or control requirements under Rule 15c3-3 is not required since respondent does not carry securities accounts for customers or perform custodial functions relating to customer securities.
3. Reconciliation between audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
4. Statement of Changes in Liabilities Subordinated to Claims of Creditors is not required since no liabilities of the respondent are subordinated to the general claims of creditors.

INVESTLINC SECURITIES, LLC

**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT
ON INTERNAL CONTROL**

DECEMBER 31, 2007

HADDOX REID BURKES & CALHOUN PLLC
Certified Public Accountants

EMMITTE J. HADDOX
JIMMY E. BURKES
PAUL W. CALHOUN
M. GREGORY KING
TED B. EDWARDS
JAN F. LEWIS
CHERYL J. LEE
W.R. LEE ADAMS
WALTER J. LEE
MICHAEL H. GLADNEY

1100 REGIONS PLAZA
P.O. DRAWER 22507
JACKSON, MISSISSIPPI 39225-2507
TELEPHONE 601/948-2924
FACSIMILE 601/960-9154

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT
ON INTERNAL CONTROL

Member
InvestLinc Securities, LLC
Hoffman Estates, Illinois

In planning and performing our audit of the financial statements and supplemental schedules of InvestLinc Securities, LLC (the "Company") for the year ended December 31, 2007, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

- (1) Making quarterly securities examinations, counts, verifications and comparisons and recordation of differences required by Rule 17a-13.
- (2) Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.
- (3) Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments made by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving control procedures and their operation that we consider to be a material weakness as defined above.

We understand that the practice and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives, in all material respects, indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Heather Reed Burkes & Cathleen PLLC

February 14, 2008

END